



PRELIMINARY BUDGET

Fiscal Year 2017

April 26, 2016

Mark Roberts

Director of Finance



Progress

Fiscal Years 2014-16



Capital Projects

Fiscal Years 2014-16

Significant Capital Projects Completed:

- 8th Street Smart Growth Revitalization
- “A” Avenue Green Street
- National City Aquatic Center
- “D” Avenue Community Corridor, Roundabout, & War Memorial
- Coolidge Ave Safe Routes to School

Total value of (all) projects completed ~ \$36,000,000

General Fund portion ~ \$1,800,000 (~5%)

Average annual General Fund CIP budget:

- FYs 14-16 – \$2,400,000
- FYs 11-13 – \$ 400,000



Fleet Replacement Fiscal Years 2014-16

Vehicles purchased:

Ladder truck (Fire)	1
Patrol vehicles (Police)	8
Street sweeper	1
Sewer maintenance truck	1
Evidence van (Police)	1
Light duty / other	36
<hr/>	
Total	48

Fund Balance / Reserves

General Fund Reserves:

June 30, 2015

Contingency Reserve	\$ 9,086,000 ¹
<u>Unassigned Fund Balance</u>	<u>10,266,000</u>
Total	\$ 19,351,000

June 30, 2012

Unassigned Fund Balance	\$ 10,709,000
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Fund Balance / Reserves

Vehicle Replacement Reserve Fund (previously
Equipment Replacement Fund):

June 30, 2015	\$ 3,666,000
June 30, 2012	\$ 535,000

Staffing Changes

General Fund FTEs:

Fiscal Year 2016	265.26
Fiscal Year 2009	308.11

General Fund FTEs:

Fiscal Year 2016	365.10
Fiscal Year 2009	416.45

Stacey Stevenson

Administrative Services Director

FY 2017 Budget Introduction

Preliminary Budget

- Economic Recovery
- Operational Recovery
 - Labor
 - Capital Improvement Program (CIP)
 - Financial Sustainability – Reserves
- Comparison of FY 16 adopted to FY 17 preliminary
- Significant Drivers
- Additional Discussion Points
- Council Input/Direction



General Fund

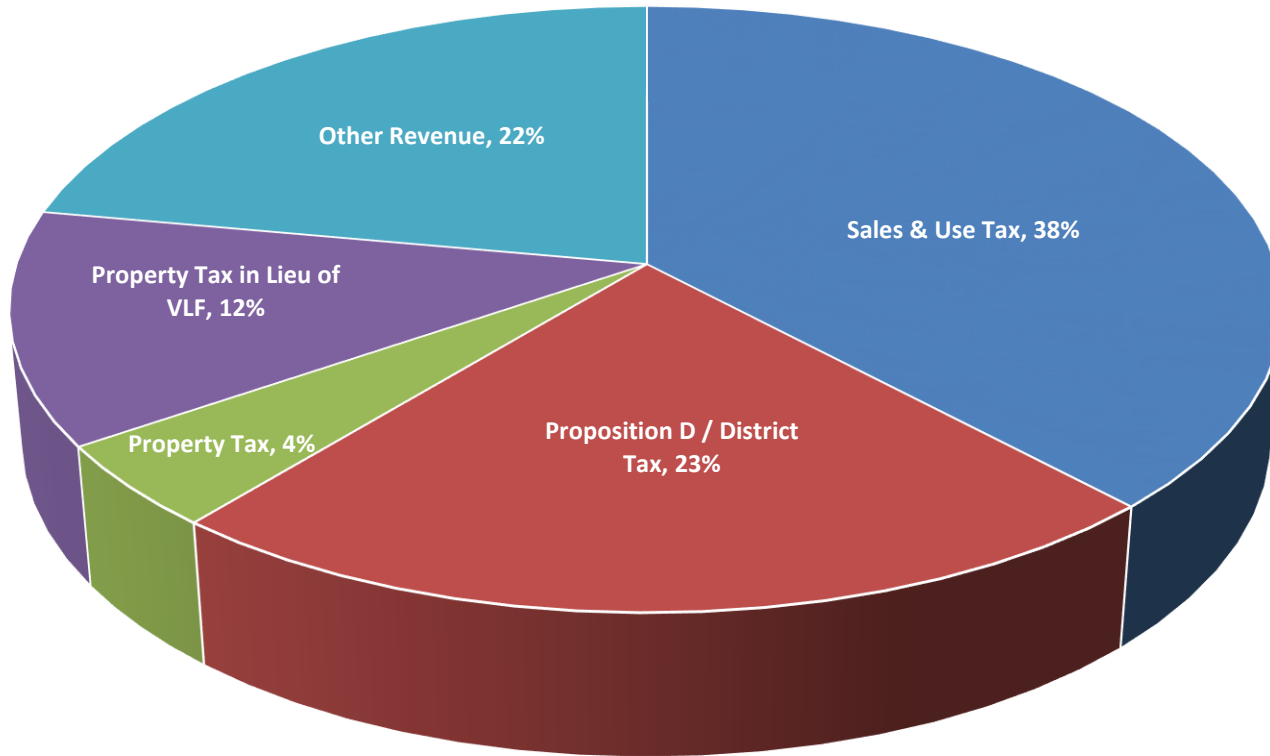
Strategic Plan Objective 2a

2. Achieve Fiscal Sustainability

- a) Prepare effective budget, accurately forecast funding sources . . .

General Fund Revenues Fiscal Year 2017

Estimated Revenues - \$47.47M





General Fund Revenues

FY 17 Preliminary vs FY 16 Adopted

	FY 17 Preliminary	FY 16 Adopted	Change
Sales Tax	\$ 18,041,000	\$ 14,703,370	\$ 3,337,630
Proposition D / District Tax	10,898,000	10,216,000	682,000
Property Tax	2,130,570	2,114,005	16,565
Property Tax in Lieu of VLF	5,902,223	5,736,819	165,404
Property Tax in Lieu of Sales Tax	-	3,255,629	(3,255,629)
Other Revenue	10,497,344	9,819,717	677,627
Total	\$ 47,469,137	\$ 45,845,540	\$ 1,623,597



General Fund Expenditures

FY 17 Preliminary vs FY 16 Adopted

	FY 17 Preliminary	FY 16 Adopted	Change
Personnel Services	\$ 35,036,136	\$ 31,236,492	\$ 3,799,643
Maintenance & Operations	6,088,633	5,375,196	713,437
Capital Outlay	252,777	130,147	122,630
Capital Improvements	1,900,000	2,125,000	(225,000)
Alloc. Costs & Internal Svc. Chrgs	7,423,806	6,790,701	633,105
Transfers Out	2,420,839	2,207,761	213,078
Total	<u>\$ 53,122,191</u>	<u>\$ 47,865,297</u>	<u>\$ 5,256,893</u>



Preliminary General Fund Summary Fiscal Year 2017

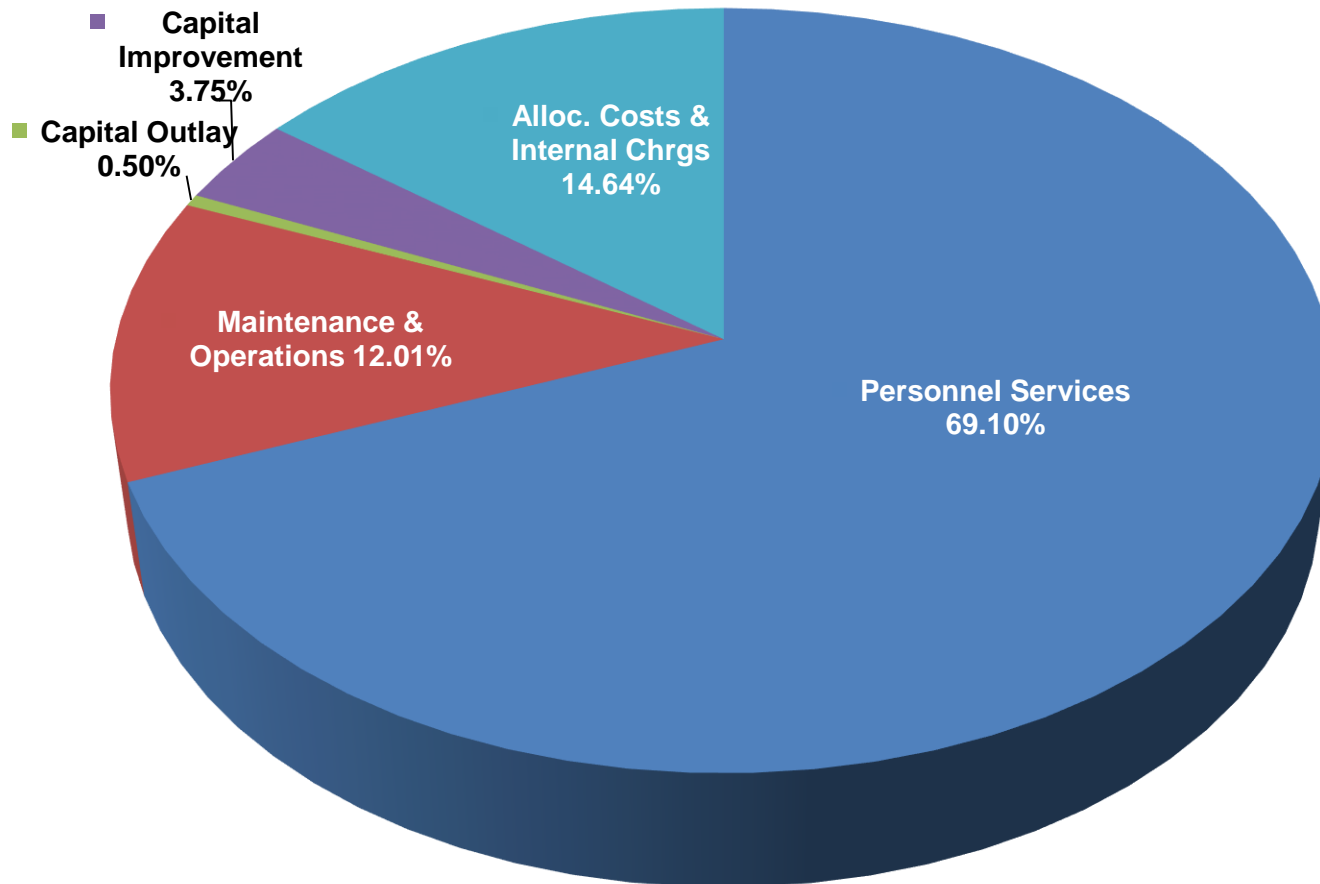
Description	Personnel Services	Maintenance & Operations	Capital Outlay	Capital Improvement	Alloc. Costs & Internal Svc Chrgs	Total Budget
City Council	\$321,872	\$45,036	-	-	\$137,903	\$504,811
City Clerk	238,910	77,500	-	-	58,440	374,850
City Manager	1,103,047	32,700	-	-	129,634	1,265,381
City Attorney	674,594	139,600	-	-	69,864	884,058
Non-Departmental	1,143,111	860,319	-	1,900,000	55,000	3,958,430
City Treasurer	25,077	2,110	-	-	18,738	45,925
Police	18,527,999	1,905,495	60,754	-	3,322,875	23,817,123
Fire	8,059,978	670,310	99,490	-	1,161,683	9,991,461
Engineering & Public Works	967,532	1,244,870	5,626	-	909,860	3,127,888
Administrative Services *	1,831,080	325,165	56,376	-	419,916	2,632,537
Community Development **	1,868,892	692,328	30,531	-	1,130,751	3,722,502
Housing, Grants & Asset Management	274,044	93,200	-	-	9,142	376,386
General Fund	\$35,036,136	\$6,088,633	\$252,777	\$1,900,000	\$7,423,806	\$50,701,352

* Administrative Services: Finance, Human Resources, Risk Management

** Community Development: Community Services, Neighborhood Services, and Planning

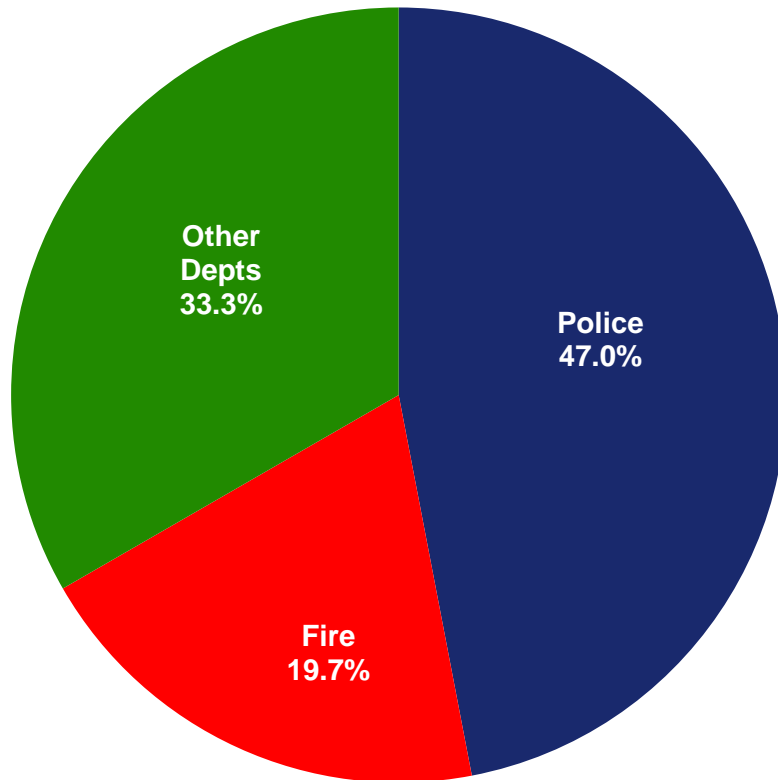
General Fund Expenditures Fiscal Year 2017

Estimated Expenditures by Category - \$ 50.70M*



* Does not include Transfers Out.

General Fund Percentage of Expenditures by Department – FY17



Police

Fire

Other Depts

- City Council
- City Clerk
- City Treasurer
- City Manager
- City Attorney
- Administrative Services
- Community Development
- Engineering / Public Works
- Housing, Grants, & Asset Management
- Non-Departmental

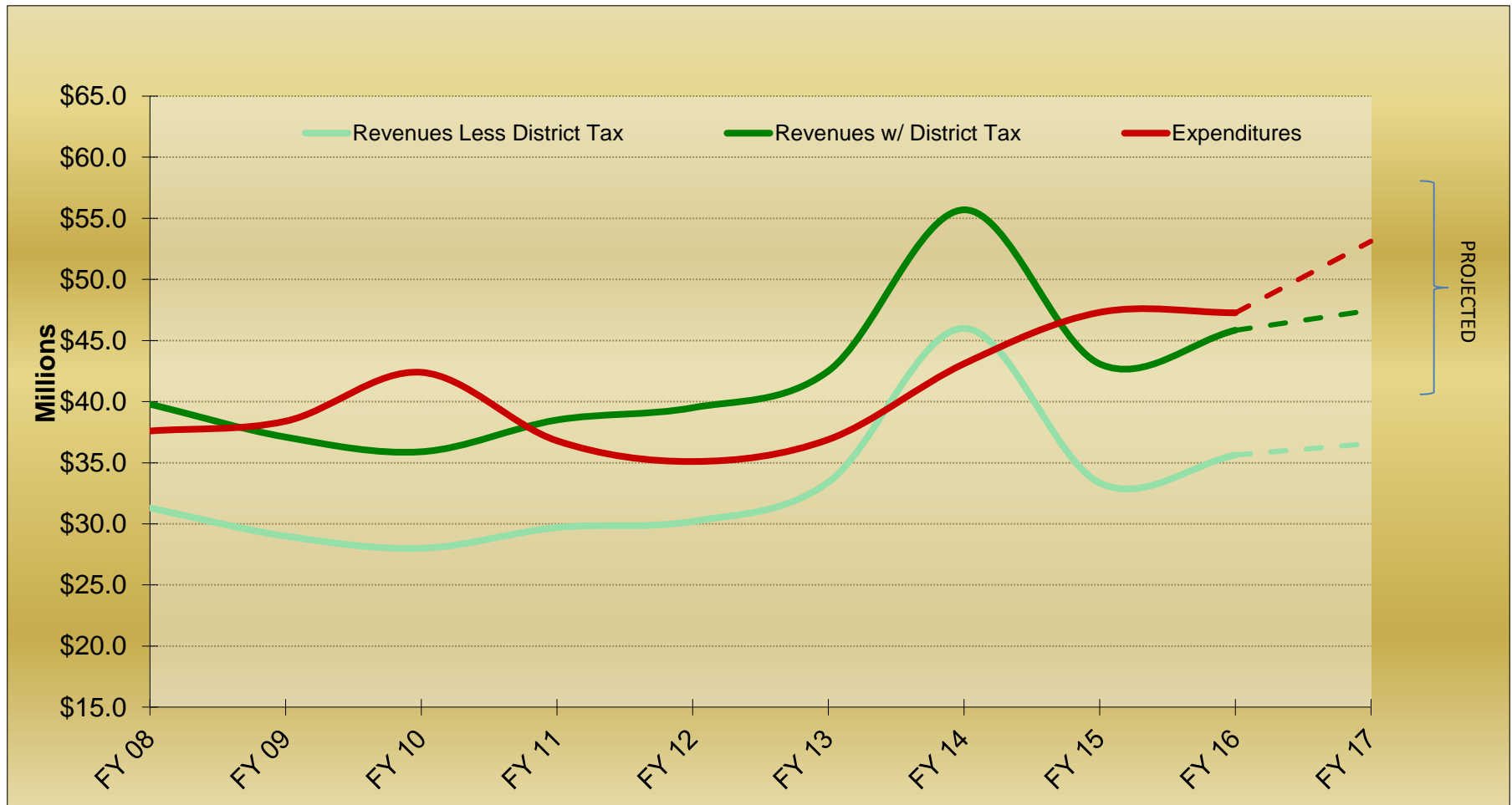


General Fund Transfers Out

FY 17 Preliminary vs FY 16 Adopted

From	To	Purpose	FY 17 Preliminary	FY 16 Adopted	Change
General Fund	Library Fund	Operating Support	\$ 1,139,689	\$ 1,045,461	\$ 94,228
General Fund	Parks Maintenance Fund	Operating Support	625,396	465,082	160,314
General Fund	Nutrition Center Fund	Operating Support	399,749	413,930	(14,181)
General Fund	Personnel Comp Fund	Retiree Health Benefits	160,000	160,000	-
General Fund	Housing Choice Voucher Fund	Operating Support	96,005	130,288	(34,283)
Total (Net) General Fund Impact			<u>\$ 2,420,839</u>	<u>\$ 2,207,761</u>	<u>\$ 206,078</u>

General Fund Revenue & Expenditure Forecast



includes transfers out (no transfers-in)



Total Operating Budget

FY 17 Preliminary vs FY 16 Adopted

	FY 17 Preliminary	FY 16 Adopted	Change
General Fund Revenues	\$47,469,137	\$45,845,540	\$1,623,597
Transfers In	0	0	0
General Fund Expenditures	(50,701,352)	(45,657,536)	(5,043,815)
Transfers Out	(2,420,839)	(2,207,761)	(213,078)
Projected Fund Balance Change - General Fund	(\$5,653,0534)	(\$2,019,757)	(\$3,633,296)
	FY 17 Preliminary	FY 16 Adopted	Change
Other Fund Revenues	\$35,213,468	\$34,784,792	\$428,676
Transfers In	2,501,839	3,157,761	(655,922)
Other Fund Expenditures	(38,526,135)	(38,627,352)	101,217
Transfers Out	(81,000)	(950,000)	869,000
Projected Fund Balance Change - Other Funds	(\$891,828)	(\$1,634,799)	\$742,971
	FY 17 Preliminary	FY 16 Adopted	Change
All Revenues	\$82,682,605	\$80,630,332	\$2,052,273
All Expenditures	(89,227,486)	(84,284,888)	(4,942,598)
Projected Fund Balance Change - All Funds	(\$6,544,881)	(\$3,654,556)	(\$2,890,324)

Transfers In/Out for all funds equal (net) \$0



Projected Changes in Fund Balance FY 16 – FY 17

Unassigned Fund Bal., 6/30/15	\$ 10,266,365
Projected FY 16 Change, 12/31	3,636,771
<u>Projected Addl Fund Bal. Chg, 4/26</u>	<u>(3,848,387)</u>
Est. Unassigned Fund Bal., 6/30/16	\$ 10,054,749
<u>Est. FY 17 Use of Fund Bal.</u>	<u>(5,653,053)</u>
Est. Unassigned Fund Bal., 6/30/17	\$ 4,401,696



Preliminary General Fund Summary Fiscal Year 2017

Capital Appropriations

Capital Improvement Program ("CIP") \$ 1,900,000

Capital Outlay 252,777

Planned Capital Use of Fund Balance \$ 2,152,777



Preliminary General Fund Summary Fiscal Year 2017

Operating Budget (excl. CIP's & Capital Outlay)	
Total Revenues	\$47,469,137
Operating Expenditures	(48,548,575)
<u>Transfers Out</u>	<u>(2,420,839)</u>
Operating Surplus/(Deficit)	(\$3,500,277)

Ed Prendell

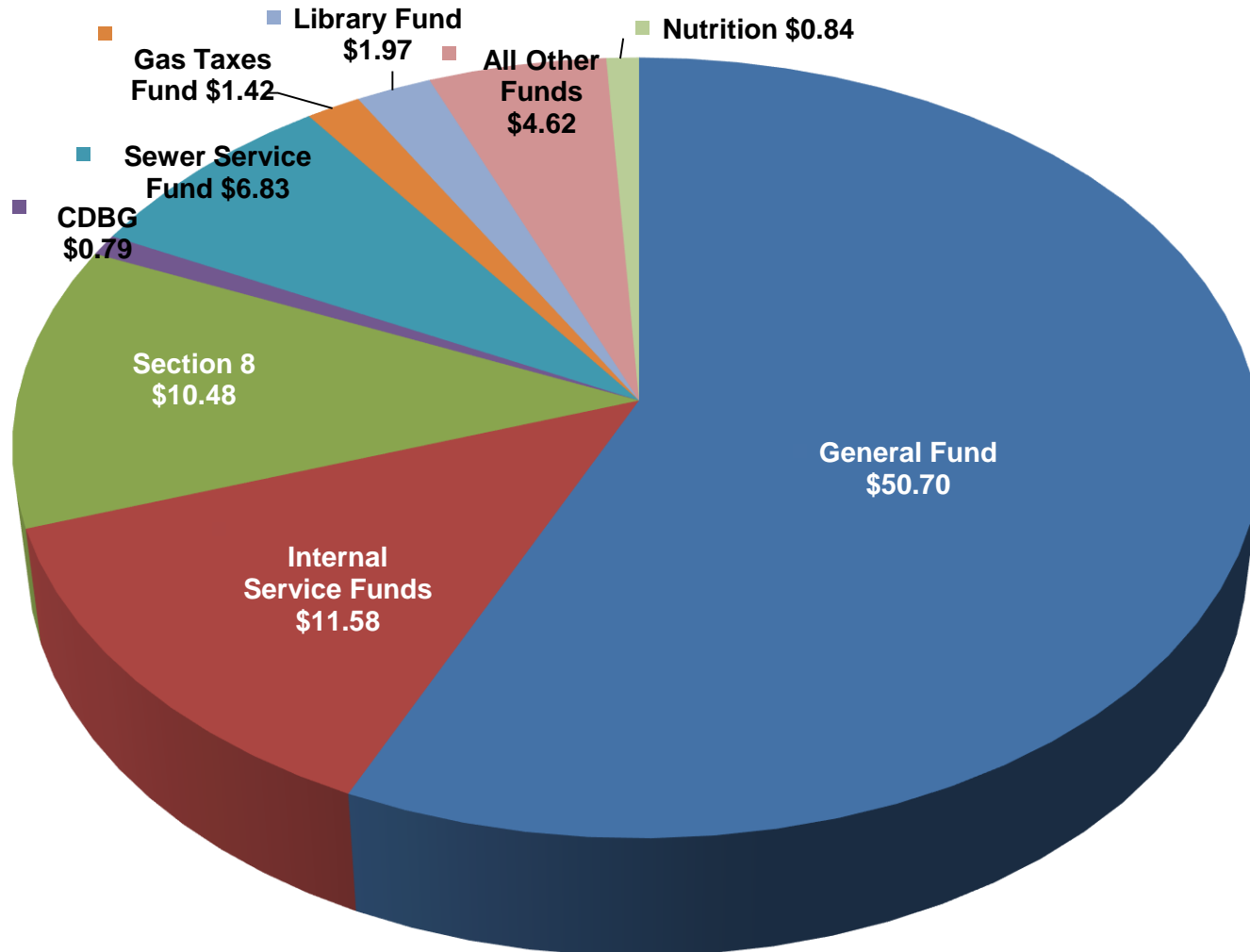
Budget Analyst



Total Budget

Preliminary Total Budget Fiscal Year 2017

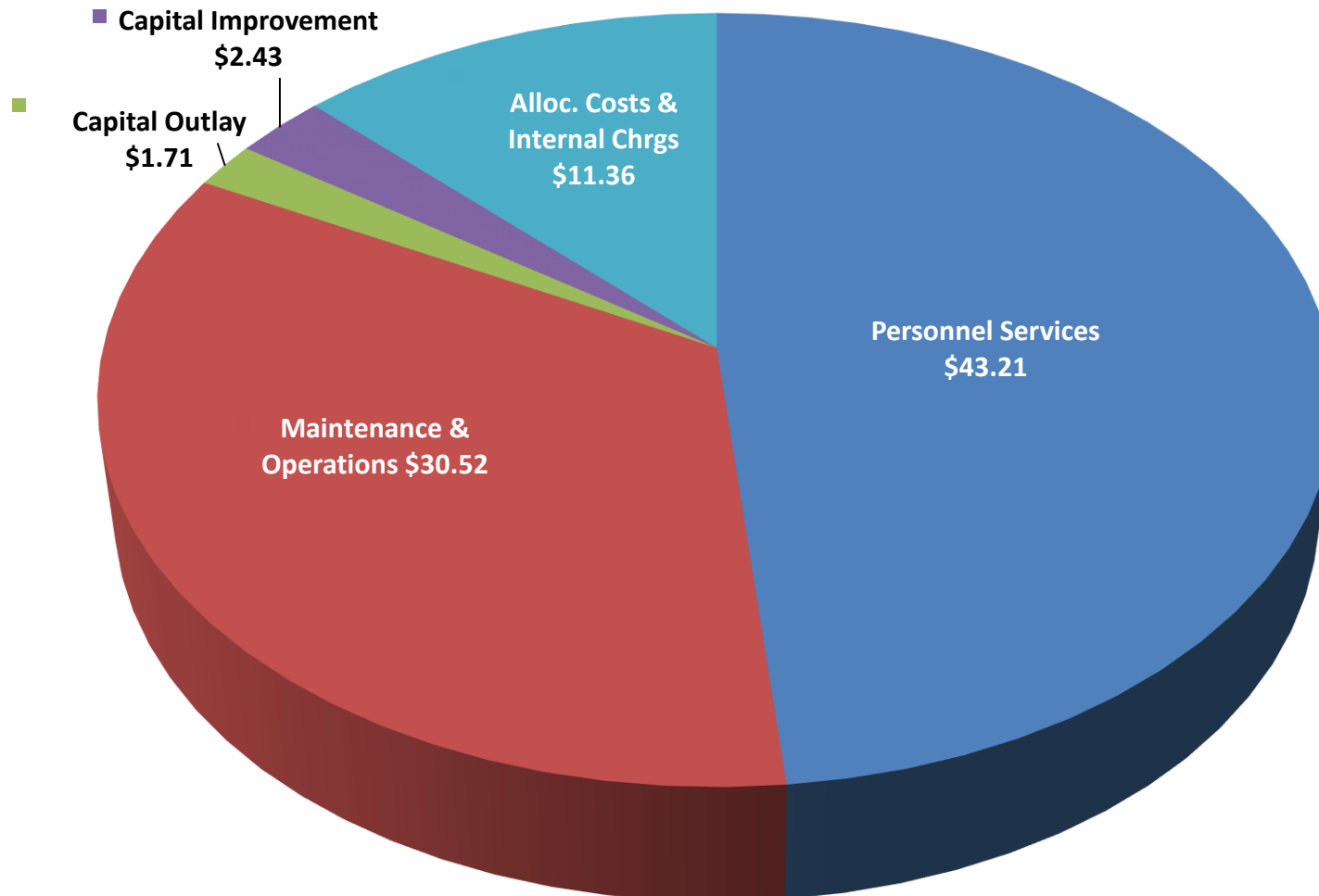
Estimated Expenditures by Fund - \$89.23M





Preliminary Total Budget Fiscal Year 2017

Estimated Expenditures by Category - \$89.23M





Significant Budget Changes Preliminary Fiscal Year 2017 VS Adopted Fiscal Year 2016



Significant General Fund Changes

FY 17 Preliminary vs FY 16 Adopted

Additional Tax revenues anticipated*	\$ 1,623,597
Capital Improvements	(225,000)
Personnel	
Salaries	1,363,110
Pension contribution increases	1,045,927
Staffing Additions	247,355
FY17 MOU Increases	1,127,062
M&O: Las Palmas Pool Oper. Agreement	400,000
M&O: Police- Body Cameras Video Storage	50,000

* Sales, Property, & Related Taxes

** Amounts \$50k or less



Significant General Fund Changes

FY 17 Preliminary vs FY 16 Adopted

Capital Outlay: Fire Equipment (Defibrillators)	93,254
Internal Service Charges: Vehicle Lease Charge	175,592
Other Internal Service Charges	457,513
Other: (Personnel, M&O, Capital Outlay)**	309,002

* Sales, Property, & Related Taxes

** Amounts \$50k or less



Significant Non-General Fund Changes

FY 17 Preliminary vs FY 16 Adopted

Personnel Salaries	758,214
Maintenance & Operations	(473,234)
Capital Outlay	(778,050)
CIP	(219,350)
Internal Service Charges & Alloc. Costs	611,203

Vacancy Report

Budgeted Vacancies*	15.00
<u>Unfunded Vacancies</u>	<u>49.75</u>
 Total Vacancies	 64.75

* As of March 2016



Staffing Levels – All Funds

FY 17 Proposed	369.10
<u>FY 16 Approved</u>	<u>365.10</u>
Net Change	4.00



Fiscal Year 2017

Proposed Personnel Changes

<u>Fund</u>	<u>FTE</u>	<u>Amount</u>
General Fund	3.00	247,355
Library Fund	0.50	24,462
Facilities Maintenance	0.50	15,396
	<hr/> 4.00	<hr/> 287,212



Fiscal Year 2017

Proposed Personnel Changes

NEW POSITIONS

Department	Request	Annual Salary	Benefits	Annual Compensation
Community Services	1.0 Recreation Center Supv	41,093	29,068	70,161
Housing, Grants & Asset Management	1.0 Community Development Specialist II	56,446	33,402	89,848
Police	1.0 Police Investigator	53,066	34,279	87,345
Engineering/Public Works	0.50 Custodian	13,910	1,486	15,396
Library	0.50 Librarian	23,582	880	24,462
		Total		\$287,212



Decision Items



General Fund Decision Items

Staffing Additions*	\$	64,582
Homeless Service Contract		120,000
<u>Cable Casting</u>		<u>120,000</u>
Total	\$	304,582

* Maintenance Worker \$64,582, Engineering & Public Works.



Non-General Fund Decision Items

Mgmt Info. Systems Tech. I,
Information Technology Services \$ 30,543



Capital Improvement Program (CIP)

Steve Manganiello

City Engineer

CIP Overview

- “Sliding” five-year budgeting process used to identify, prioritize, and coordinate financing and timing of major public improvements
- First year of five-year program represents “approved” capital budget, which is incorporated into City’s annual budget
- Projects programmed for subsequent years are for planning purposes only and do not receive expenditure authority
- CIP presented to Planning Commission (PC) for General Plan Consistency Review prior to City Council budget adoption
 - Only new projects presented to PC each year, as “carry-over” projects previously deemed “consistent” with the General Plan do not require additional review unless there is a substantive change in project scope
 - Eight (8) new projects proposed for FY 2017 were presented to PC on April 18, 2016; PC determined (by unanimous vote) that all eight projects are consistent with the General Plan

CIP Categories

- Infrastructure - streets, storm drains, sewer systems, street lighting, traffic signals and communications equipment, sidewalks and pedestrian curb ramps for Americans with Disabilities Act (ADA) compliance
- Facilities - City offices, warehouses, public works yard and support structures, police and fire stations, community centers, public libraries, and information technology (computers, data storage, public safety cameras, and communications equipment)
- Parks & Recreation – Community parks and amenities such as ball fields, restrooms, lighting, landscaping, walking paths and information technology; health and quality of life facilities such as recreation centers, municipal swimming pool, gymnasium and aquatic center
- Housing - site infrastructure for infill development projects that provide housing opportunities for individuals and families at all income levels

CIP Project Evaluation

- City staff develop project proposals based on needs assessments, community input, and adopted planning policies
- CIP Committee reviews project proposals and provides recommendations to Planning Commission and City Council
- Key criteria considered include:
 - Health & safety benefits
 - Community support
 - Project costs & schedule
 - Available funding
 - Consistency with the General Plan and adopted planning policies
 - On-going maintenance costs
- CIP Committee also reviews proposals and provides recommendations on the Vehicle Fleet

CIP Funding

- With support of the Community and City Council, staff aggressively pursue Federal, State, and Regional grants to fund Capital Projects
- Other funding sources include: *TransNet* (Prop A), Gas Tax, Sewer Service Fund, Capital Outlay, Development Impact Fees (DIF), Information Systems Maintenance Fund, and General Fund
- Funding sources for Capital Projects often have restrictions based on project scope and/or expenditure timelines
- Exploring funding options, including review of capital / major maintenance reserve policies, is critical to ensuring fiscal sustainability

FY 2017 Funding Request – Capital Projects

Project	Type	Description (FY 2017)	General Fund (001)	Information Systems Maintenance Fund (629)	Total
CCTV Camera Video Storage Capacity Upgrades	Infrastructure	Upgrade closed-circuit television (CCTV) camera video storage capacity to facilitate compliance with the State's new 365 day operational video retention requirement	\$ -	\$ 150,000	\$ 150,000
Communications Infrastructure Expansion	Infrastructure	Expand fiber optics infrastructure to enhance communications for new Public Works facility (726 W. 19th St), Kimball Senior Center (1221 "D" Ave) and George H. Waters Nutrition Center (1415 "D" Ave)	\$ -	\$ 150,000	\$ 150,000
Drainage Improvements	Infrastructure	Repair and/or replace corrugated metal storm drain pipes and provide other high priority drainage improvements Citywide	\$ 500,000		\$ 500,000
Street Resurfacing	Infrastructure	Citywide alley improvements	\$ 600,000	\$ -	\$ 600,000
Traffic Monitoring / Safety Enhancements	Infrastructure	Provide Citywide traffic safety enhancements, ADA upgrades, data collection, grant match	\$ 450,000	\$ -	\$ 450,000
Cell Phone Repeater Upgrades	Facilities	Upgrade cellphone repeaters to provide cellphone service to fortified areas in the lower level of City Hall	\$ -	\$ 75,000	\$ 75,000
El Toyon Park Improvements	Parks & Recreation	New playground equipment with rubberized play area and ADA	\$ 175,000	\$ -	\$ 175,000
Las Palmas Park Improvements	Parks & Recreation	New playground equipment with rubberized play area and ADA	\$ 175,000	\$ -	\$ 175,000
Total			\$ 1,900,000	\$ 375,000	\$ 2,275,000

FY 2017 Funding Request – Vehicle Fleet

Enterprise Lease Program (Annual Payment - Existing Vehicles)

FY 2017 Cost	Funding Source	# Vehicles	Vehicle Type (Department)
\$ 75,145	General Fund (001)	11	4 sedans (Police); 1 hybrid sedan (Building); 1 light-duty truck (Engineering); 2 light-duty trucks, 1 medium-duty truck and 1 hybrid sedan (Neighborhood Services); 1 passenger van (Community Services)
\$ 52,390	Parks Maintenance Fund (105)	9	8 light-duty trucks and 1 medium-duty truck (Public Works-Parks)
\$ 25,785	Sewer Fund (125)	3	1 light-duty truck and 2 heavy-duty trucks (Public Works-Streets & Wastewater)
\$ 6,236	Section 8 (502)	1	1 hybrid sedan (Section 8 Housing)
\$ 16,877	Facilities Maintenance Fund	3	3 light-duty trucks (Public Works-Facilities)
\$ 176,433	Total	27	

*Equipment Replacement Reserve (Purchase Price w/ Aftermarket Equipment - New Vehicles)**

FY 2017 Cost	Funding Source	# Vehicles	Types
\$ 1,074,320	General Fund (001)	15	2 sedans and 9 full-size SUVs (Police); 1 front line specialty vehicle (Fire); 1 medium-duty truck (Public Works-Facilities); 1 medium-duty truck and 1 heavy-duty International 4300 4x2 dump truck (Public Works-Streets & Wastewater)**
\$ 100,260	Sewer Fund (125)	1	1 heavy-duty truck (Public Works-Streets & Wastewater)
\$ 1,174,580	Total	16	

* Reserve will be reimbursed through internal service charges by estimating the vehicle replacement costs over the life cycles

** Public Works heavy-duty International 4300 4x2 dump truck will be funded in part by Sewer Fund (\$25,000)

Grant Funding

Grants	Amount
Smart Growth Incentive Program (SGIP) Grant – 8 th St (Trolley Station to Highland Ave)	\$2,000,000
Smart Growth Incentive Program (SGIP) Grant – Downtown-Westside Community Connections	\$2,000,000
Smart Growth Incentive Program (SGIP) Grant – Westside Pedestrian & Bicycle Enhancements	\$2,000,000
Smart Growth Incentive Program (SGIP) Grant – Downtown Specific Plan Update	\$320,000
Smart Growth Incentive Program (SGIP) Grant – Wayfinding Signage Program	\$825,000
San Diego Unified Port District CIP – Wayfinding Signage Program	\$250,000
San Diego Unified Port District CIP – National City Aquatic Center	\$4,633,110
Catalyst Grant – WI-TOD Project (Phase I)	\$500,000
EPA Grants (2 Total) – WI-TOD Project (Phase I)	\$400,000
Prop 84 Storm Water Grant – “A” Ave “Green” Street (8th St to Kimball Park)	\$2,500,000
Prop 84 Storm Water Grant – Kimball Park LID / Paradise Creek Restoration	\$1,876,153
Prop 84 Urban Greening Grant – Paradise Creek Educational Park	\$840,000
Bicycle Transportation Account (BTA) Grant – 4 th St (Roosevelt Ave to Harbison Ave)	\$355,500
Highway Safety Improvement Program (HSIP) Grant – 8 th St (Highland Ave to Palm Ave)	\$900,000
Highway Safety Improvement Program (HSIP) Grant – Highland Ave (Division St to 8th St)	\$900,000
Highway Safety Improvement Program (HSIP) Grants (8 Total) – Traffic Signal Upgrades, ADA, Pedestrian & Bicycle Enhancements	\$3,582,930
Safe Routes to School (SRTS) Grant – Coolidge Ave	\$730,000
Safe Routes to School (SRTS) Grant – Roundabout at “D” Ave & 12 th St	\$500,000
Safe Routes to School (SRTS) Grant – 8 th St (D Ave to Highland Ave)	\$450,000
Safe Routes to School (SRTS) Grant – Paradise Valley Rd (8th St to Plaza Blvd)	\$225,000
Safe Routes to School (SRTS) Grant – Citywide SRTS Education & Encouragement Program	\$500,000
Active Transportation Program (ATP) Grant – 4 th St (Roosevelt Ave to Harbison Ave)	\$450,000
Active Transportation Program (ATP) Grant – “D” Ave (Division St to 30th St)	\$600,000
Active Transportation Program (ATP) Grants (2 Total) – Citywide Bicycle Parking	\$100,000
Active Transportation Program (ATP) Grants (7 Total) – ADA, Pedestrian & Bicycle Enhancements (18 th St, Division St, Euclid Ave, I-805 Bike Corridor, Citywide SRTS)	\$5,004,000
Community Development Block Grant (CDBG) – Drainage Improvements	\$116,000
Community Development Block Grant (CDBG) – George H. Waters Nutrition Center	\$95,000
Grants Awarded = 42	Total \$32,652,693



Future Impacts

Future Impacts

Fiscal Year 2017 and beyond

- Pension Pre-Funding
- Minimum Wage Increase
- Deferred Maintenance
- Aquatic Center
 - Operations (Estimated Cost) \$200,000
 - Capital Outlay (Estimated Cost) 160,000
- RCS Upgrade \$1,863,916



Reserve Policy Revision – Addition of Facilities Maintenance Reserve

Facilities Maintenance Reserve

City Council Policy 201. Maintenance of Reserve Funds

Purpose

“The City will establish reserves to strengthen its ability to withstand unexpected financial emergencies such as those that may result from national disasters, revenue shortfalls, or unanticipated expenditures of a non-recurring nature and to accumulate funds for large-scale purchases.”

Facilities Maintenance Reserve

Proposed Addition:

“Facilities Maintenance Reserve: an amount equal to between ten percent (10%) and fifteen percent (15%) of the total initial value of the City’s building assets.

“Building assets” shall be defined as all permanent or nonpermanent structures constructed or installed to provide a workplace for City employees or house City assets and/or operations.”

Facilities Maintenance Reserve

Original Value and Range Calculation:

Total original building value, as of June 30, 2015	\$ 43,486,407
10%	\$ 4,348,641
15%	\$ 6,522,961



Facilities Maintenance Reserve

Sources of Initial Funding:

Library Fund	\$ 126,000
Parks Maintenance Fund	103,500
Nutrition Fund	171,000
Facilities Maintenance Fund	360,000
Information Systems Maint. Fund	1,080,000
Motor Vehicle Service Fund	810,000
Total	\$ 2,650,500



Development of Budget Ordinance

Budget Ordinance Elements

- Codification of City fiscal year.
- Timeframe & guidelines for delivery of preliminary proposed budget to the City Council.
- Budget adoption timeframe.
- Balanced budget requirement
- Requirement that budgets address debt service & other legally binding contractual obligations of the City.

Budget Ordinance Elements

- Codification of City Council's authority (only) to increase the total appropriation of any fund.
- Appropriations limit.
- Requirement for inclusion of funding sources.
- Provision for delegation of authority &/or duties.



Next Steps

Next Steps

- Additional staff review and refinement
- Council-directed budget adjustments (if necessary)
- Neighborhood Council Budget Presentations (May 4th, 12th, and 18th)
- Tentative Council Workshop, i.e., if needed (May 24th)
- Adopt final budget June 7, 2016

Request for Direction

Staff seeks direction on:

- Revisions to the preliminary budget
- Second budget workshop, 5:00 pm on May 24th (if necessary)
- Additional Council priorities, staffing, or programmatic adjustments.



Public Comments



Comments/Questions



Request for Direction